

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

FILED

JUL 25 2007

INDIANA UTILITY
REGULATORY COMMISSION

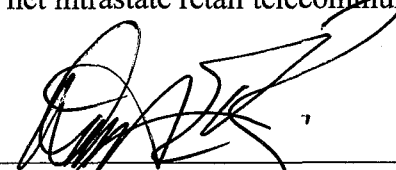
CAUSE NO. 42144

IN THE MATTER OF THE INVESTIGATION)
ON THE COMMISSION'S OWN MOTION,)
UNDER INDIANA CODE § 8-1-2-72, INTO ANY)
AND ALL MATTERS RELATING TO THE)
COMMISSION'S MIRRORING POLICY)
ARTICULATED IN CAUSE NO. 40785 AND THE)
EFFECT OF THE FCC'S MAG ORDER ON)
SUCH POLICY, ACCESS CHARGE REFORM,)
UNIVERSAL SERVICE REFORM, AND HIGH)
COST OR UNIVERSAL SERVICE FUNDING)
MECHANISMS RELATIVE TO TELEPHONE)
AND TELECOMMUNICATIONS SERVICES)
WITHIN THE STATE OF INDIANA)

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission" or "IURC") caused the following entry to be made:

On July 9, 2007, the Indiana Universal Service Fund Oversight Committee ("Oversight Committee") filed the *Submission of Oversight Committee's IUSF Implementation Guidelines* ("Motion"). In its Motion, the Oversight Committee attached its proposed IUSF Implementation Guidelines ("Implementation Guidelines"). The Presiding Officers, having reviewed the Motion and being duly advised in the premises, hereby approve the Implementation Guidelines as modified and attached to this Docket Entry. As reflected in the IURC Tariff, the monthly surcharge is hereby set at .538 percent of net intrastate retail telecommunications services.

IT IS SO ORDERED.



David E. Ziegner, Commissioner



Scott R. Storms, Chief Administrative Law Judge

Date: July 25, 2007

INDIANA UNIVERSAL SERVICE FUND (IUSF) IMPLEMENTATION GUIDELINES

The Indiana Utility Regulatory Commission ("Commission") created the Indiana Universal Service Fund in its Final Order in Cause No. 42144. In addition to creating the fund, an Oversight Committee was established as an advisory body to the Commission with regard to the on-going operations of the IUSF. Additionally, the Commission determined that the IUSF should be administered by a single, neutral third-party administrator. The Oversight Committee is working with the Commission to select an administrator for the IUSF. While the Commission's Final Order speaks for itself, the Oversight Committee has developed the following Guidelines and materials for providers of intrastate retail telecommunications services to use in preparation for the implementation of the IUSF, anticipated to occur in October, 2007.

- (I) **Basis for assessments.** Assessments will be based on "net billed intrastate retail telecommunications revenue" and include the following:
 - (A) Assessments shall be made to each telecommunications provider based upon its monthly billed retail intrastate telecommunications revenues adjusted for prior months previously unreported retail intrastate telecommunications uncollectible.
 - (B) Services upon which assessments shall be made include, but are not limited to, the following: Local service, service establishment charges, custom calling services, intrastate SLCs, intrastate long distance, directory assistance, non-published/non-listed numbers, paging, etc.
 - (C) Services not subject to assessment include, but are not limited to, the following: Interstate services including interstate long distance and interstate SLCs, wholesale services such as switched and special access, non-telecommunications services such as voicemail, directory advertising, video services, broadband services, premises equipment and wire, delinquent/NSF charges, billing and collection services, ring tone downloads, etc.
 - (D) Pay telephone service revenues received by providers of pay telephone services are exempt.
 - (E) Revenue received by telecommunications providers from telecommunications services supplied to pay telephone providers for the provision of pay telephone services is subject to IUSF assessment.
 - (F) Wireless carriers shall use net billed intrastate retail telecommunications revenue. Where a factor is used to allocate telecommunications revenue to the intrastate jurisdiction, the factor used should be the complement to the factor used to allocate telecommunications revenue to the federal jurisdiction.

(II) **Assessment.** Each telecommunications provider shall pay its IUSF assessment each month as calculated using the following procedures:

(A) Calculation of assessment rate. The IUSF administrator shall determine an assessment rate to be applied to all telecommunications providers on a periodic basis, with such assessment to be reviewed and approved by the Commission. The initial assessment rate is expected to be established by the Commission by August 1, 2007.

(B) Calculation of assessment amount. Payments to the IUSF shall be computed by multiplying the assessment rate determined pursuant to subparagraph (A) of this paragraph by the basis for assessments as determined pursuant to paragraph (I) of these Guidelines, minus 2% to be retained by the telecommunications provider as a billing and collection administrative fee.

(III) **Reporting requirements.** Each telecommunications provider must report monthly the amount it billed for intrastate retail telecommunications service, the amount of previously unreported monthly intrastate retail telecommunications service uncollectibles and the resulting assessment to the IUSF administrator on a form to be determined by the administrator. The first monthly report and remittance of assessments is anticipated to be due to the IUSF administrator by December 1, 2007 and reflect assessment amounts for October, 2007.

(IV) **Recovery of assessments.** A telecommunications provider may only recover the amount of its IUSF assessment from its retail customers, on the customer's intrastate telecommunications revenues. For purposes of the recovery of the IUSF assessment, pay telephone providers are considered retail customers.

(A) Retail customers' bills. IUSF assessment shall be passed through as a percentage surcharge added to its retail customers' bills:

- (i) the surcharge must be listed on the retail customers' bills as "IN Universal Service Surcharge" or IN USF Surcharge; and
- (ii) the surcharge must be assessed as a percentage, set by the Commission, of intrastate telecommunications revenue on every retail customers' bill. It is anticipated that retail customers' bills released in October, 2007 will begin to include the surcharge (subject to the exception noted in subsection (D) of this paragraph).

(B) Commission authorization of the surcharge. The Commission will establish the assessment rate periodically which will determine the percentage surcharge to be applied to the intrastate telecommunications services on retail customers' bills. A tariff describing the application of the surcharge for the IUSF shall be maintained by the Commission. Telecommunications providers that maintain a tariff with the Commission shall file a concurrence with this tariff, or file their own equivalent tariff. Telecommunications providers that do not submit a tariff but are subject to the Commission's authority shall be bound by the Commission's tariff (i.e., AOS, all Indiana ETCs including Co-ops). The

substantive provisions contained in the tariff shall be followed by all other carriers, to ensure compliance with the IUSF program. (Tariff attached)

- (C) Customer notification. A telecommunications provider shall provide 30 day notification prior to the initial billing of the surcharge or a change in the surcharge percentage. (Customer notification language attached)
- (D) Recovery period. A single universal service fund surcharge shall not recover more than one month of assessments, except as provided for in Paragraph 12 of the Settlement Agreement adopted in the Commission's Final Order.

INDIANA UTILITY REGULATORY COMMISSION**TARIFF I.U.R.C. NO T-7****IN Universal Service Surcharge****1. DESCRIPTION**

Pursuant to the requirements of the Final Order in Cause No. 42144, all customer billings on and after October, 2007 shall reflect an additional charge to fund the Indiana Universal Service Fund (IUSF). The purpose of the IUSF is to implement a competitively neutral funding mechanism that promotes universal telecommunication service to all Indiana residents by ensuring availability of basic telecommunications services at just, reasonable, and affordable rates that are reasonably comparable between urban and rural areas of Indiana.

2. CONDITIONS

- a. The surcharge will apply to net intrastate retail telecommunications services
- b. The surcharge is subject to change pursuant to the procedure set forth in the Final Order in Cause No. 42144

3. AMOUNT OF SURCHARGE

Monthly Surcharge

.538 percent of net intrastate retail telecommunications services

4. CONCURRENCE

The surcharge shall be applied by all companies that provide intrastate retail telecommunications service. Telecommunications providers that maintain a tariff with the Commission shall file a concurrence with this tariff, or file their own equivalent tariff. Telecommunications providers that do not submit a tariff but are subject to the Commission's authority (e.g., AOS, all Indiana ETCs including Co-ops) shall be bound by the Commission's tariff. The substantive provisions contained in the tariff shall be followed by all other carriers, to ensure compliance with the IUSF program.

Optional Industry Bill Messages

Option 1

IN Universal Svc Surcharge

Beginning in October 2007, a monthly IN Universal Service Surcharge will be included on all Indiana customer bills. This surcharge helps Indiana companies in high cost areas to maintain affordable rates for their customers. The surcharge is anticipated to be less than 1 percent of the bill. For more information, please contact an (company name) Service Representative at the phone number NPA nxx-xxxx.

Option 2

IN Universal Svc Surcharge

Beginning in October 2007, a monthly IN Universal Service Surcharge will be included on all Indiana customer bills. This Surcharge helps Indiana companies in high cost areas to maintain affordable rates for their customers. For more information, please contact an (company name) Service Representative at the phone number listed on the front of your bill. [Thank you for choosing the (company name)].

Note: the abbreviation IN USF Surcharge may be used in lieu of IN Universal Service Surcharge.